

State of Missouri
Office of Secretary of State

Case No. AP-06-16

IN THE MATTER OF:

CANADY HOLDINGS, INC.;
JACQUELINE BOYKIN;
JULIE M. TENG; *and*
LAURENCE YOUNG,

Respondents.

Serve Canady Holdings, Inc. at:
1170 Peachtree Street N.E., Suite 1200
Atlanta, Georgia 30309

Serve Jacqueline Boykin at:
2015 W. 82nd Place
Chicago, Illinois 60628

Serve Julie M. Teng at:
6509 NE 43rd Terrace, Apartment 207
Kansas City, Missouri 64117

Serve Laurence Young at:
7813 E. 130th Court
Grandview, Missouri 64030

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW
CAUSE WHY CIVIL PENALTIES AND COSTS SHOULD NOT
BE IMPOSED**

On the 12th day of May 2006, the Enforcement Section of the Securities Division (the “Division” or the “Securities Division”), by and through Patrick T. Morgan, Chief Counsel, submitted a Petition for Administrative Relief under Sections 409.3-301, 409.5-501, and 409.6-604, RSMo Supp. 2005 (the “Petition”). After reviewing the Petition, the Commissioner of Securities issues the following findings of fact, conclusions of law and order:

I. FINDINGS OF FACT

A. The Respondents

1. At all times relevant to this Order, Canady Holdings, Inc. (“Canady Holdings”), was a company operating in the state of Georgia with a last known business address of 1170 Peachtree Street N.E., Suite 1200, Atlanta, Georgia 30309. Canady Holdings

- purportedly engages in the business of raising capital to fund small business ventures.
2. At all times relevant to this Order, Jacqueline “Jacci” Boykin (“Boykin”) purported to be an agent of Canady Holdings and had an address of 2015 W. 82nd Place, Chicago, Illinois 60628.
 3. At all times relevant to this Order, Julie M. Teng (“Teng”) was the operator of Broker’s Capital Company (“Broker’s Capital”). Teng’s last known business address was 1600 Swift Avenue, Suite 107, North Kansas City, Missouri 64117. Her current residential address is 6509 NE 43rd Terrace, Apartment 207, Kansas City, Missouri 64117. At all times relevant to this Order, Broker’s Capital was a company operating in the State of Missouri with a last known business address of 1600 Swift Avenue, Suite 107, North Kansas City, Missouri 64117. Broker’s Capital purportedly engages in the business of offering mortgage brokering and related services, and assists in seeking housing for low-income consumers.
 4. At all times relevant to this Order, Laurence Young (“Young”) shared office space with Broker’s Capital. Young’s last known business address was 1600 Swift Avenue, Suite 107, North Kansas City, Missouri 64147. Young’s last known residential address was 7813 E. 130th Court, Grandview, Missouri 64030.
 5. As used in this Order, the term “Respondents” refers to Canady Holdings, Boykin, Teng, and Young.

B. Missouri Resident 1

6. Sometime in December 2004, Missouri Resident 1 (“MR1”) met Teng while attending a real estate related seminar in Kansas City, Missouri. Teng also attended the seminar. Young, an instructor at the seminar, introduced Teng to the attendees in the class. Young informed the class that Teng had “made lots of money” in the past. Through this connection, MR1 established a relationship with Teng. After the meeting, MR1 received a business card from Teng.
7. In February 2005, MR1 telephoned Teng and arranged a meeting with Teng concerning an “investment opportunity” relating only to real estate. MR1 arranged to meet Teng at the offices of Broker’s Capital at a later time.
8. On or about March 10, 2005, Teng phoned MR1. Teng informed MR1 that, if MR1 was interested in a “money making opportunity,” then MR1 needed to participate in a conference call. Teng informed MR1 that MR1’s money would be invested for the purpose of “trading foreign currencies and international currency trading” and that Teng had connections with an individual in Chicago (i.e., Boykin). Teng informed MR1 that Boykin had the “connections to make the trades happen.” Later that day, MR1 participated in the conference call.
9. During the conference call, Teng and Boykin represented to MR1 that, if MR1 invested \$1,100, then MR1’s return would be \$11,000 (a 1,000% return). Teng and Boykin told MR1 the return would be paid out in approximately thirty (30) days from the date of the investment.
10. On or about March 10, 2005, MR1 met Teng at the offices of Broker’s Capital. MR1

gave Teng a cashier's check in the amount of \$1,100 ("MR1's March 10 Transaction") for the "money making opportunity" described above. MR1 made the cashier's check payable to "Canady Holdings, Inc."

11. Teng told MR1 to fill out and sign several documents relating to MR1's March 10th Transaction with Canady Holdings. Teng gave MR1 three documents which MR1 signed: a "Joint Venture Agreement," a "Non-Circumvention & Non-Disclosure Agreement," and a document titled "Private Placement Opportunity."
12. The "Joint Venture Agreement" read in part as follows:

JOINT VENTURE AGREEMENT

This **Joint Venture Agreement** (the "Agreement"), is a full recourse commercial contract made and entered on this 10th day of March, [sic] 2005, by and between **JACCI BOYKIN**. . . and individual, (hereinafter ("investor")).

WHEREAS, I agree to accept _____ (_____) from INVESTOR in order for CANADY HOLDINGS, INC. to implement the short term leveraging program, which from what I understand is making an approximant [sic] return between 0 to 1000% for a period of Thirty (30) International Banking Days on each INVESTORS initial deposit. There is an Administrative fee of 200%.

WHEREAS, The Investor and the individual agree that we are putting our best efforts forward in this joint venture agreement and under no responsibility to the INVESTORS to make these types of returns happen. I am the FIDUCIARY on the joint account with CANADY HOLDINGS, INC. It is understood that Fiduciary shall not be responsible for the type of returns or the trading efforts of the Joint Venture agreement. I, myself am under no responsibility to produce this kind of return for the INVESTOR. In the event this particular Joint Venture does not follow through my "best efforts" will return you the initial deposit without harm.

IN WITNESS WHEREOF, the undersigned Parties each acknowledge this Agreement to be a full recourse commercial contract. The undersigned Parties therefore, have completely read, fully understand, and agree to be legally bound by the Provisions set forth herein from the latest date executed by the parties below.

By: **Jacci Boykin**
Date: 3/10/05

INVESTOR SIGNATURE

FOR AND ON BEHALF OF INVESTOR:

By: [MR1's Signature]
Date: 3/10/05

(Emphases in original.)

13. The document titled "Private Placement Opportunity" read in part as follows.

The client is responsible for obtaining a letter of Credit from a bank (must be assignable).

Issuing bank issues Letter of Credit, the client will send a copy of the Letter of Credit in a protected format via fax: 206-888-2670 or Pdf: ruwealthy2@hotmail.com upon receipt the client will receive a Joint Venture Agreement. They will send the Letter of Credit to the Advising bank by electronic means via SWIFT.

The program requires a minimum of \$1 million dollar investment and pays out between 17 to 30 days. The projected return is 20 to 1. i.e. Client invest \$1 million dollars and the projected return is \$20 million. The client can reenter the program.

From the time the paperwork is submitted to the Advising Bank the trade will begin the next day.** Trades begin only *Monday thru Wednesday*, so if your information is received on any other day then the trade will begin on the following Monday.

FAQ's

1. *Why does the Letter of Credit have to be assignable?* This gives the Trader the ability to convert the Letter of Credit into cash so they can take it to trade.
2. *Can I Lose anything?* Your principal is never at risk. The asset is secured by the Joint Venture agreement.

14. On March 14, 2005, MR1's check was deposited in Canady Holdings' bank account.
15. On May 10, 2005, Canady Holdings wired \$105,914 to Broker's Capital's bank account. Broker Capital's bank records indicate that, of this amount, \$ 102,059.81 would be disbursed among various individuals, including MR1, Boykin, Teng, and Young.
16. On or around May 10, 2005, Teng called MR1. Teng informed MR1 that, though MR1 would be receiving a payout from MR1's March 10 Transaction, MR1 would not be receiving the \$11,000 as described in paragraph 9 above. Instead, MR1 would receive \$6,610.
17. During that same conversation, Teng suggested to MR1 that MR1 use part of MR1's return to execute a similar transaction with Canady Holdings. MR1 agreed to use \$5,000 of the \$6,610 return in a transaction ("MR1's May 10 Transaction") similar to the MR1's March 10 Transaction. Teng told MR1 that MR1 would receive a payout on October 1, 2005 from this second transaction.
18. MR1 received no documentation regarding MR1's May 10th Transaction with Canady Holdings: no confirmation of the transaction, no documents to sign, no disclosure of any risks connected to the transaction.

19. On or about May 16, 2005, MR1 received check number 2021 from Broker's Capital in the amount of \$1,610.00. This amount was drawn from the \$102,529.81 mentioned in paragraph 15 above.
20. To date, MR1 has not received any returns as the result of MR1's May 10 Transaction nor have the Respondents given MR1 any update about MR1's May 10 Transaction.

C. Missouri Resident 2

21. On or about April 2004, Missouri Resident 2 ("MR2") met Teng and Young while attending a real estate related seminar in Kansas City, Missouri. Through this connection, MR2 learned that Teng owned and operated a business pertaining to mortgage brokering and related services.
22. On or about January 2005, MR2 received an unexpected phone call from Young. During the conversation, Young informed MR2 about a "private placement" opportunity and asked MR2 to invest in the private placement. Young informed MR2 that the private placement dealt with "trading of money and foreign currencies" and that a payout would occur in thirty (30) days from the date of MR2's participation. Young also informed MR2 that he had connections to a person that could conduct the trades. MR2 stated that MR2 was "not interested in investing at this time."
23. Sometime in March 2005, MR2 met Teng concerning a real estate related matter. Teng informed MR2 about two (2) "investment opportunities," one of which dealt with a "private placement" and that neither opportunities were related to real estate.
24. Teng informed MR2 that Teng knew of an individual that had connections concerning a private placement involving trading of foreign currencies. While speaking to MR2, Teng conducted a conference call with Boykin. The three discussed the private placement opportunity. Teng and Boykin informed MR2, among other things, that:
 - a. Boykin and Teng were looking for investors to invest in foreign currencies. Investor funds were to be pooled and placed with Canady Holdings through an account at Teng's banking institution.
 - b. MR2 could invest and would receive a return of 1,000% in 30 days.
 - c. The principal would never be at risk.
 - d. Canady Holdings traded "BMT's and bank notes" on a daily basis.
25. On March 10, 2005, MR2 gave Teng a cashier's check in the amount of \$1,600 ("MR2's March 10th Transaction") for the "private placement" described above. The cashier's check was paid to the order of "Canady Holdings, Inc." Teng told MR2 that a payout would occur on or around April or May 2005 and that a fee of 200% would be taken off the top by the trader or broker. MR2 also received a "Non-Circumvention & Non-Disclosure Agreement."
26. On March 14, 2005, MR2's check was deposited in Canady Holdings' bank account.
27. On or about May 10, 2005, Young called MR2. Young informed MR2 that MR2

would be receiving a payout as a result of MR2's March 10th Transaction with Canady Holdings. Young asked MR2 how Young should disperse MR2's funds. Young also informed MR2 that MR2 would not be receiving the intended 1,000% return as expected; rather, MR2 would be receiving 600%.

28. During that same conversation, Young told MR2 that MR2 had to decide that day whether to "cash out" or use the \$10,880 to execute a second, similar transaction with Canady Holdings, with another payout in thirty (30) days. Foregoing receipt of the \$10,880, MR2 decided to "roll over" MR2's entire payout of \$10,880 into this second transaction ("MR2's May 10 Transaction").
29. MR2 received no documentation regarding this second transaction with Canady Holdings; no confirmation of the transaction, no documents to sign, no disclosure of any risks connected to the transaction.
30. In the thirty (30) days following MR2's conversation with Young, none of the Respondents contacted MR2 to report on the status of any payout. MR2 periodically questioned Teng and Young about the payout.
31. Throughout August 2005, MR2 telephoned Boykin and asked her about the status of MR2's May 10 Transaction. Boykin told MR2 that she was waiting on a "principal" to complete the proper trades.
32. MR2 continued to question Boykin about updates on MR2's May 10th Transaction. Boykin responded to MR2 in one particular email dated August 28, 2005. Among other things, Boykin's email stated:

Nothing has changed. The process that was explained in Aug 18th email is still correct. There [sic] just in the process of doing just that. It was just to let people know that they're still working on it and trying to bring things to a close ASAP!!!

33. On numerous occasions, MR2 questioned the Respondents concerning MR2's May 10 Transaction. When asked individually, Teng, Young, and Boykin suggested that MR2 speak with one of the other Respondents to get answers to the questions.
34. To date, MR2 has not received any returns from MR2's March 10 Transaction or MR2's May 10 Transaction; nor has MR2 received MR2's initial principal of \$1,600 from MR2's March 10 Transaction.

D. Teng's Responses to the Securities Division

35. On September 28, 2005, the Division sent a letter of inquiry via certified mail to Broker's Capital, requesting a claim of exemption from registration or exception from definition of a commodity upon which Broker's Capital relied in offering and/or selling commodity contracts in or from the State of Missouri. The letter also requested additional information about the offers, and advised Broker's Capital that failure to respond within a reasonable time as set by the Commissioner could result in proceedings to prohibit Broker's Capital from offering or selling securities in this State.

36. On October 10, 2005, Teng faxed a response to the Division responding to the Division's September 28, 2005 letter of inquiry. Among other things, Teng stated in that response:
- a. "I wish to go on record and say that I did not sell or offer to sell securities."
 - b. "I have a company that our main purpose is to find homes for people. I try to put private investors who own homes and people who want to buy a single family home together. So far I have not been successful."
37. On December 1, 2005, in response to the Division's subpoena, Teng spoke with an investigator for the Securities Division. Among other things, Teng stated the following.
- a. The objective of Canady Holdings was to conduct trades on the foreign exchange market, particularly the forex market.
 - b. Teng knew Steven O. Canady ("Canady") as Canady Holdings' "trader." Canady is the president and chief executive officer of Canady Holdings. (Canady has a last known business address of 1170 Peachtree Street N.E., Suite 1200, Atlanta, Georgia 30309.)
 - c. Boykin was Canady Holdings' "administrator" and "account representative." Boykin was also the one that put together the private placement. Furthermore, Boykin indicated she had between fourteen (14) to fifteen (15) clients and that Teng was one of her clients and that each client had approximately twenty (20) investors.
 - d. Teng never received any compensation or commissions as a result of seeking investors, but Boykin and Young both received a "cut" from Canady Holdings for their participation. Teng stated that Young specifically would receive 15% of the investors' total payout.
 - e. Boykin received \$4,000 and Young received \$6,000 in commissions as a result of the investors' first payout.
 - f. Young used Teng's office space to hold meetings "every Saturday" to promote investments in Canady Holdings and that Young consistently called on people to attend the weekly seminar.

E. Canady's Response to the Securities Division

38. On January 3, 2006, the Division sent a letter of inquiry via certified mail to Canady Holdings, asking for information relating to the above transactions.
39. On January 19, 2006, Canady telephoned an investigator in the Securities Division. In the ensuing conversation, Canady made the following statements.
- a. Although Canady did not employ her, Boykin was one of his "contacts" that he uses to "raise money for [Canady]."

- b. Canady pays Boykin a commission on the amount of money Boykin raises for Canady.
 - c. Boykin has the authority to deposit money into Canady Holding's bank account when she "acquires money from investors."
40. On January 30, 2006, Canady faxed a response to the Division's January 3, 2006 letter of inquiry. Among other things, Canady stated in his response:
- a. "Our core business operation is project funding."
 - b. "Our records indicate that Ms. Jacqueline Boykin of Illinois requested in May 2005 that a wire transfer be sent on her behalf to Broker's Capital, which appears to have been located in Missouri."
 - c. "There has been no other activity or relationship with any party from the State of Missouri by our organization."
41. The Division requested an additional written response from Canady, and on February 7, 2006, February 28, 2006, and March 6, 2006 the Division sent three (3) identical letters of inquiries to Canady requesting additional information. To date, the Division has not received any response from Canady.

F. Boykin's Response

42. On January 25, 2006, the Division sent a letter of inquiry via certified mail to Boykin requesting more information on the transactions described above.
43. On February 8, 2006, Boykin faxed a response to the Division responding to the Division's January 25, 2006 letter of inquiry. Among other things, Boykin stated in her response: "No one from Broker's Capital, Kansas City ever wired or sent me any monies. All monies went directly to Canady Holdings, Atlanta, GA. Bank of America account"
44. Broker's Capital's bank records indicate a wire transfer to "JACQUILINE BOYKIN" for \$4,000.00 on May 12, 2005, two days after Broker's Capital received a wire for \$ 102,059.81 from Canady Holdings.

G. Additional Statements of Facts

45. On or about September 2005, the Missouri Securities Division received information, which indicated that the Respondents offered and sold unregistered, nonexempt securities in the State of Missouri.
46. At all times relevant to this Order, the records maintained by the Commissioner contained no registration, granted exemption, or notice filing indicating status as a "federal covered security" for any securities allegedly offered or sold in the State of Missouri by Respondents.
47. At all times relevant to this Order, the records maintained by the Commissioner contained no registrations for Respondents to offer or sell securities in the State of

Missouri, whether as an agent or as an issuer.

48. At all times relevant to this Order, Respondents were not registered to offer or sell securities in the State of Missouri.
49. This Order is in the public interest.

II. STATUTORY PROVISIONS

50. Section 409.6-601(a), RSMo, provides that the Missouri Securities Act of 2003 “shall be administered by the commissioner of securities”
51. Section 409.1-102(1), RSMo, defines an “agent” as “an individual, other than a broker dealer, who . . . represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities.”
52. Section 409.1-102(17), RSMo, defines an “issuer” as “a person that issues or proposes to issue a security”
53. Section 409.1-102(26), RSMo, reads as follows.

“**Sale**” includes every contract of sale, contract to sell, or disposition of, a security or interest in a security for value, and “**offer to sell**” includes every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value.

(Emphasis in original.)

54. Section 409.1-102(28), RSMo, defines a “security” to include an “investment contract.”

The term [security] . . . [i]ncludes as an “investment contract” an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a “**common enterprise**” means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors

Section 409.1-102(28)(D), RSMo Supp. 2005 (emphasis in original).

55. Section 409.3-301, RSMo, states as follows.

It is unlawful for a person to offer or sell a security in this state unless:

1. The security is a federal covered security;
2. The security, transaction, or offer is exempted from registration under sections 409.2-201 to 409.2-203; or
3. The security is registered under this act.

56. Section 409.4-402(a), RSMo, makes it “unlawful for an individual to transact

business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under” Section 409.4-402(b), RSMo.

57. Section 409.4-402(d), RSMo, states that it is “unlawful for . . . an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of . . . issuers unless the agent is registered under [Section 409.4-402(a), RSMo] or exempt from registration under” Section 409.4-402(b), RSMo.
58. Section 409.5-501, RSMo, states that it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, “(2) [t]o make an untrue statement of material fact or omit to state a material fact necessary in order to make the statement, in light of the circumstances under which it is made, not misleading; or (3) [t]o engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.”
59. Section 409.1-102(9), RSMo, states that “fraud,” “deceit,” and “defraud” are not limited to common law deceit.
60. Section 409.5-503(a), RSMo, reads as follows: “In a[n] . . . administrative proceeding under this act, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the claim.”
61. Section 409.6-604(a), RSMo, reads as follows.

If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act . . . the commissioner may:

(1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act

62. Section 409.6-604(b), RSMo, reads as follows.

An order under subsection (a) is effective on the date of issuance. . . . If a person subject to the order does not request a hearing and none is ordered by the commissioner within thirty days after the date of service of the order, the order becomes final as to that person by operation of law.

63. Section 409.6-604(c), RSMo, reads in part: “The final order may make final, vacate, or modify the order issued under subsection (a).”
64. Section 409.6-604(d), RSMo, reads: “In a final order under subsection (c), the commissioner may impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation.”
65. Section 409.6-604(e), RSMo, reads in part: “In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act These funds may be paid into the investor education and protection fund.”

III. CONCLUSIONS OF LAW

66. The Commissioner has jurisdiction in this proceeding and over these Respondents under Section 409.6-601(a), RSMo.
67. The “Joint Venture Agreement” described in paragraphs 8-14 and offered and sold to MR1 was an “investment contract” and hence a security as defined under Section 409.1-102(28), RSMo.
68. The transaction described in paragraph 17 and offered and sold to MR1 was an “investment contract” and hence a security as defined under Section 409.1-102(28), RSMo.
69. The “private placement” described in paragraphs 23-26 and offered and sold to MR2 was an “investment contract” and, hence, a security as defined under Section 409.1-102(28), RSMo.
70. The transaction described in paragraph 28 and offered and sold to MR2 was an “investment contract” and, hence, a security as defined under Section 409.1-102(28), RSMo.
71. The facts in paragraphs 8-14, 24-26, and 28 constitute “sale[s]” of or “offer[s] to sell” securities as defined under Section 409.2-202(26), RSMo.
72. Based upon the facts described in paragraphs 8-11, 17, 24, and 25, Teng acted as an “agent” as defined under Section 409.1-102(1), RSMo, for Canady Holdings.
73. Based upon the facts described in paragraphs 9, 12, 24, and 39, Boykin acted as an “agent” as defined under Section 409.1-102(1), RSMo, for Canady Holdings.
74. Based upon the facts described in paragraphs 27 and 28, Young acted as an “agent” as defined under Section 409.1-102(1), RSMo, for Canady Holdings.
75. Based upon the facts described in paragraphs 10, 12, 14, 15, 23-26, 37, 39, and 43, Canady Holdings acted as an “issuer” as defined under Section 409.1-102(17), RSMo.

Count I

Offer and Sale of an Unregistered, Nonexempt Security

76. Respondents Canady Holding, Boykin, and Teng violated Section 409.3-301, RSMo, when they offered and sold a security to MR1 when that security was not (1) a federal-covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202, or (3) registered under the Missouri Securities Act of 2003 when they sold unregistered, nonexempt investment contracts to MR1 as described above in paragraphs 8-14 and paragraph 46.

Count II

Offer and Sale of an Unregistered, Nonexempt Security

77. Respondents Canady Holdings, Boykin, and Teng violated Section 409.3-301 when

they sold a security to MR2 when that security was not (1) a federal-covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202, or (3) registered under the Missouri Securities Act of 2003 when they sold unregistered, nonexempt investment contracts to MR1 as described above in paragraphs 23-26 and paragraph 46.

Count III

Offer and Sale of an Unregistered, Nonexempt Security

78. Respondents Canady Holdings and Young violated Section 409.3-301 when they sold a security to MR2 when that security was not (1) a federal-covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202, or (3) registered under the Missouri Securities Act of 2003 when they sold unregistered, nonexempt investment contracts to MR1 as described above in paragraph 28 and paragraph 46.

Count IV

Acting as an Unregistered, Nonexempt Agent

79. Teng violated Section 409.4-402(a), RSMo, when she acted as an agent in the State of Missouri when she was neither registered under the Missouri Securities Act of 2003 nor exempt from registration under Section 409.4-402(b), RSMo.

Count V

Acting as an Unregistered, Nonexempt Agent

80. Boykin violated Section 409.4-402(a), RSMo, when she acted as an agent in the State of Missouri when she was neither registered under the Missouri Securities Act of 2003 nor exempt from registration under Section 409.4-402(b), RSMo.

Count VI

Acting as an Unregistered, Nonexempt Agent

81. Young violated Section 409.4-402(a), RSMo, when he acted as an agent in the State of Missouri when he was neither registered under the Missouri Securities Act of 2003 nor exempt from registration under Section 409.4-402(b), RSMo.

Count VII

Employing or Associating with an Unregistered, Nonexempt Agent

82. Canady Holdings violated Section 409.4-402(d), RSMo, when Canady Holdings engaged in offering or selling the “Joint Venture Agreements” and the “private placements” in Missouri while associating with Boykin who transacted business in Missouri on Canady’s behalf.

Count VIII

Securities Fraud

83. Respondents Canady Holdings, Boykin, and Teng violated Section 409.5-501(2), RSMo, when, in connection with the offer and sale of securities issued by Canady Holdings in the State of Missouri, they omitted to state to MR1 material facts necessary in order to make their statements, in light of the circumstances under which they were made, not misleading. Specifically, in connection with MR1's March 10 Transaction, Respondents Canady Holdings, Boykin, and Teng stated that MR1 could make 1,000% return in 30 days without disclosing to MR1:

- a. Canady Holdings' history of receiving such returns in 30 days, or
- b. the risks associated with the transaction.

Count IX Securities Fraud

84. Respondents Canady Holdings, Boykin, and Teng violated Section 409.5-501(2), RSMo, when, in connection with the offer and sale of securities issued by Canady Holdings in the State of Missouri, they omitted to state to MR2 material facts necessary in order to make their statements, in light of the circumstances under which they were made, not misleading. Specifically, in connection with the MR2's March 10th Transaction, Respondents Canady Holdings, Boykin, and Teng stated that MR2 could make 1,000% return in 30 days without disclosing to MR2:

- a. Canady Holdings' history of receiving such returns in 30 days, or
- b. the risks associated with the transaction.

Count X Securities Fraud

85. Respondents Canady Holdings and Young violated Section 409.5-501(3), RSMo, when, in connection with the offer and sale of securities issued by Canady Holdings, they engaged in an act, practice, or course of business that operated as a fraud or deceit upon MR2 when they offered MR2 an investment contract with Canady Holdings; told MR2 that MR2 would receive a return in 30 days from MR2's May 10 Transaction; but, to date, have not paid MR2 either the return or his principal.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order, are prohibited from:

- A. Offering or selling the above-described securities in the State of Missouri unless those securities are registered under the Missouri Securities Act of 2003 in accordance with the provisions of Section 409.3-304, RSMo;
- B. Violating or materially aiding in any violation of Section 409.5-501, RSMo, by, in connection with the offer or sale of the above-described securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to

make the statement made, in the light of the circumstances under which it is made, not misleading.

- C. Engaging in the acts, practices or courses of business that operate or would operate as
- D. a fraud or deceit upon any person as described above, specifically in paragraphs 28-34.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo, the Commissioner will determine whether to grant, in a final order, the Enforcement Division's petition for an imposition of a civil penalty of \$10,000, in whole or in part, against each for the above violations unless Respondents request a hearing and at such hearing show cause why such penalties should not be imposed.

IT IS FURTHER ORDERED that the Enforcement Section has petitioned for an award for costs of the investigation against Respondents in this proceeding. Pursuant to Section 409.6-604(e), RSMo, the Commissioner will issue a final order awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why such an award should not be made to the agency.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-602(a)(2), RSMo., Respondent Canady Holdings, Inc., shall file a statement in response to the Division's requests for an additional written response dated February 7, 2006, February 28, 2006, and March 6, 2006. Respondent shall so file a statement within thirty (30) days of the date immediately below, and failure to so file such a statement shall lead the Commissioner to apply to a court of competent jurisdiction for relief as provided under Section 409.6-602(c), RSMo.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 12TH DAY OF MAY, 2006

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW KITZI
COMMISSIONER OF SECURITIES

State of Missouri
Office of Secretary of State

Case No. AP-06-16

IN THE MATTER OF:

CANADY HOLDINGS, INC.;
JACQUELINE BOYKIN;
JULIE M. TENG; *and*
LAURENCE YOUNG,

Respondents.

Serve Canady Holdings, Inc. at:
1170 Peachtree Street N.E., Suite 1200
Atlanta, Georgia 30309

Serve Jacqueline Boykin at:
2015 W. 82nd Place
Chicago, Illinois 60628

Serve Julie M. Teng at:
6509 NE 43rd Terrace, Apartment 207
Kansas City, Missouri 64117

Serve Laurence Young at:
7813 E. 130th Court
Grandview, Missouri 64030

NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter. Any request for a hearing should be sent, in writing to:

**Matthew Kitzi
Commissioner of Securities
Office of the Secretary of State
Missouri State Information Center, Room 229
600 West Main Street
Jefferson City, Missouri, 65102**

Said request must be made within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo., and 15 CSR 30-55.020(2).

If you wish to challenge the factual basis for this Order, pursuant to 15 CSR 30-55.030(1), you must file an answer to the allegations made by the Securities Division in its Petition. Your answer must be filed within thirty (30) days of receipt of the hearing order, unless the

Commissioner orders additional time. Your answer must be in writing and should admit those portions of the Petition which you believe are true and deny those portions of the Petition which you believe are not true. Your answer must contain a short and concise statement of those facts which you believe are true and relevant to the issues raised in the complaint. You or your legal counsel must sign the answer.

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of May, 2006, a copy of the foregoing notice, order and petition was mailed by certified U.S. Mail, postage prepaid, to the Respondents in this matter.

Beth Perkins
Administrative Aide